



Midwest Coal Reserves of IN, LLC  
7100 Eagle Crest Boulevard  
Evansville, IN 47715  
812.434.8500

February 1, 2013

Mr. Ron McAhron  
Assistant Director  
Department of Natural Resources  
402 West Washington Street  
Indianapolis, IN 46204

RE: Request to Relocate Conservation Easement

Dear Mr. McAhron:

Attached is a "Proposed Conservation Easement Relocation" map showing two (2) separate Conservation Easements located in Warrick County, Indiana and granted to the Indiana Department of Natural Resources. These easement areas are located on the east side of Pigeon Creek and were placed on reclaimed lands as mitigation for coal mining activities by Peabody Coal Company in 1988 and 1992. The properties included in the easement are now owned by Midwest Coal Reserves of Indiana, LLC (MCRI), a subsidiary of Peabody Energy.

Currently, United Minerals Company, LLC (UMC) is planning and permitting a surface extraction coal reserve on the west side of Pigeon Creek. This reserve is a very important component of United Minerals' future business, and also contributes to the resulting low cost electricity for Indiana's citizens. It is necessary to transport the coal to the east side of Pigeon Creek for processing, refuse disposal and coal delivery to the customer. Transporting the coal to the east side of Pigeon Creek will allow these activities to take place on previously mined lands and minimize disturbance to undisturbed areas. This will also allow consolidation of processing and transportation from potential mining east of Pigeon Creek. In addition, there are not suitable avenues to transport coal from the west side of Pigeon Creek westward. Therefore, MCRI is requesting the relocation of two (2) corridors through the north easement area to allow installation of a haulroad and/or overland conveyor through the easement area. These areas are depicted as A1 (13 acres) and A2 (21 acres) on the attached map. MCRI proposes to replace these areas with B1 (19 acres) and B2 (28 acres) for perpetuity. In addition, it is proposed to replace the easement on areas A1 and A2 following mining, reclamation and bond release.

The planned future mining will occur partially in the Pigeon Creek floodplain. In order to facilitate mining in the floodplain and prevent potential upstream flooding impacts, it is necessary to lower the elevation of portions of the reclaimed land within the north easement area. This activity will alleviate the upstream flood potential and provide the opportunity for more wetland creation in the floodplain area. MCRI is requesting permission from DNR to complete the necessary excavation of areas depicted as the "Proposed Excavation Areas" map by grading material from the high areas into the adjacent water bodies to create additional wetlands.

All areas graded or filled will be left at a 390 msl elevation or lower and planted with appropriate wetland species. The footprint of the "Proposed Excavation Areas" is approximately 18 acres.

To summarize, MCRI is requesting the following:

- Approval to remove areas A1 and A2 from the current Conservation Easement area, and add areas B1 and B2 to the perpetual easement as approximately 1.4:1 compensation. In addition, areas A1 and A2 will be added back into the perpetual easement area following final reclamation and bond release. MCRI is requesting approval to initiate this transaction as soon as possible.
- Approval for UMC to grade the "Proposed Excavation Areas" to a 390 msl or lower elevation to improve flood water flow through the Pigeon Creek floodplain. MCRI is requesting permission to complete this work after all appropriate regulatory approvals are received from the Indiana DNR, US Army Corps of Engineers, Indiana Dept of Environmental Management and any other required government agency. The permitting process is underway.

*what is the wetland type? follow standard mitigation ratios*

The exceptions listed in the existing Conservation Easement may allow some of the activities requested above; however, MCRI believes all parties and the environment will benefit from the approval and execution of this proposal by improving flood flows through the floodplain, increasing wetland acreage, increasing the size of the protected easement area in the short term and again after mining and allowing local industry, employees and the community to benefit economically. A copy of the existing Conservation Easement is included.

*NOT*

Your attention to this matter is greatly appreciated. Please call me at (812) 434-8580 if you have any questions or need additional information.

Sincerely,

Bryce G. West  
Authorized Representative  
Midwest Coal Reserves of Indiana, LLC

Cc: B. Gunn, United Minerals Company, LLC





